

## REQUEST FOR PROPOSAL (RFP)

<b>Bid Event Number:</b>	EVT0001995
<b>Requisition ID:</b>	0000010325
<b>Document Number:</b>	RFX0000359
<b>Replaces Contract:</b>	08695
<b>Date Mailed:</b>	January 14, 2013
<b>Closing Date:</b>	February 22, 2013, 2:00 PM
<b>Procurement Officer:</b>	Tami Sherley <b>Telephone:</b> 785-296-3122 <b>E-Mail Address:</b> <a href="mailto:tami.sherley@da.ks.gov">tami.sherley@da.ks.gov</a> <b>Web Address:</b> <a href="http://da.ks.gov/purch">http://da.ks.gov/purch</a>
<b>Item:</b>	Recalibration and rebasing of the KS Medicaid DRG Reimbursement System and DSH System
<b>Agency:</b>	26400 Kansas Department of Health and Environment, Division of Health Care Finance
<b>Period of Contract:</b>	Three (3) years from Date of Award (with the option to renew for two (2) additional (2) year periods)
<b>Guarantee:</b>	No Monetary Guarantee Required
<b>Scope:</b>	See page 28.

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Event Number EVT0001995 was recently posted Procurement and Contracts Internet website.  
The document can be downloaded by going to the following website:

<http://www.da.ks.gov/purch/RFO/>

**It shall be the bidder's responsibility to monitor this website on a regular basis for any changes/amendments.**

**SIGNATURE SHEET****Item:** Recalibration and rebasing of the KS Medicaid DRG Reimbursement System and DSH System**Agency:** Kansas Department of Health and Environment, Division of Health Care Finance**Closing Date:** February 22, 2013

By submission of a bid and the signatures affixed thereto, the bidder certifies all products and services proposed in the bid meet or exceed all requirements of this specification as set forth in the request and that all exceptions are clearly identified.

Legal Name of Person, Firm or Corporation\_\_\_\_\_

Mailing Address\_\_\_\_\_ City &amp; State\_\_\_\_\_ Zip \_\_\_\_\_

Toll Free Telephone\_\_\_\_\_ Local\_\_\_\_\_ Cell: \_\_\_\_\_ Fax\_\_\_\_\_

Tax Number\_\_\_\_\_

CAUTION: If your tax number is the same as your Social Security Number (SSN), you must leave this line blank. **DO NOT** enter your SSN on this signature sheet. If your SSN is required to process a contract award, including any tax clearance requirements, you will be contacted by an authorized representative of the Division of Purchases at a later date.

E-Mail \_\_\_\_\_

Signature\_\_\_\_\_ Date\_\_\_\_\_

Typed Name \_\_\_\_\_ Title\_\_\_\_\_

In the event the **contact for the bidding process** is different from above, indicate contact information below.

Bidding Process Contact Name\_\_\_\_\_

Mailing Address\_\_\_\_\_ City &amp; State\_\_\_\_\_ Zip \_\_\_\_\_

Toll Free Telephone\_\_\_\_\_ Local\_\_\_\_\_ Cell: \_\_\_\_\_ Fax\_\_\_\_\_

E-Mail\_\_\_\_\_

If **awarded a contract and purchase orders** are to be directed to an address other than above, indicate mailing address and telephone number below.

**Award** Contact Name\_\_\_\_\_

Mailing Address\_\_\_\_\_ City &amp; State\_\_\_\_\_ Zip \_\_\_\_\_

Toll Free Telephone\_\_\_\_\_ Local\_\_\_\_\_ Cell: \_\_\_\_\_ Fax\_\_\_\_\_

E-Mail\_\_\_\_\_

## **1. INSTRUCTIONS**

### **1.1. Bid Event ID / Reference Number:**

The Bid Event ID / RFP number, indicated in the header of this page, as well as on the first page of this proposal, has been assigned to this RFP and **MUST** be shown on all correspondence or other documents associated with this RFP and **MUST** be referred to in all verbal communications. All inquiries, written or verbal, shall be directed only to the procurement officer reflected on Page 1 of this proposal. There shall be no communication with any other State employee regarding this RFP except with designated state participants in attendance **ONLY DURING**:

- Negotiations
- Contract Signing
- as otherwise specified in this RFP.

Violations of this provision by bidder or state agency personnel may result in the rejection of the proposal.

### **1.2. Negotiated Procurement:**

This is a negotiated procurement pursuant to K.S.A. 75-37,102. Final evaluation and award will be made by the Procurement Negotiation Committee (PNC) consisting of the following entities (or their designees):

- Secretary of Department of Administration;
- Director of Purchases, Department of Administration; and
- Head of Using Agency

### **1.3. Appearance Before Committee:**

Any, all or no bidders may be required to appear before the PNC to explain the bidder's understanding and approach to the project and/or respond to questions from the PNC concerning the proposal; or, the PNC may award without conducting negotiations, based on the initial proposal. The PNC reserves the right to request information from bidders as needed. If information is requested, the PNC is not required to request the information of all bidders.

Bidders selected to participate in negotiations may be given an opportunity to submit a revised technical and/or cost proposal/offer to the PNC, subject to a specified cut off time for submittal of revisions. Meetings before the PNC are not subject to the Open Meetings Act. Bidders are prohibited from electronically recording these meetings. All information received prior to the cut off time will be considered part of the bidder's revised offer.

No additional revisions shall be made after the specified cut off time unless requested by the PNC.

### **1.4. Cost of Preparing Proposal:**

The cost of developing and submitting the proposal is entirely the responsibility of the bidder. This includes costs to determine the nature of the engagement, preparation of the proposal, submitting the proposal, negotiating for the contract and other costs associated with this RFP.

### **1.5. Preparation of Proposal:**

Prices are to be entered in spaces provided on the cost proposal form if provided herein. Computations and totals shall be indicated where required. In case of error in computations or totals, the unit price shall govern. The PNC has the right to rely on any prices provided by bidders. The bidder shall be responsible for any mathematical errors. The PNC reserves the right to reject proposals which contain errors.

All copies of cost proposals shall be submitted in a separate sealed envelope or container separate from the technical proposal. The outside shall be identified clearly as "Cost Proposal" or "Technical Proposal" with the Bid Event ID / RFP number and closing date.

A proposal shall not be considered for award if the price in the proposal was not arrived at independently and without collusion, consultation, communication or agreement as to any matter related to price with any other bidder, competitor or public officer/employee.

Technical proposals shall contain a concise description of bidder's capabilities to satisfy the requirements of this RFP with emphasis on completeness and clarity of content. Repetition of terms and conditions of the RFP without additional clarification shall not be considered responsive.

### **1.6. Signature of Proposals:**

Each proposal shall give the complete legal name and mailing address of the bidder and be signed by an authorized representative by original signature with his or her name and legal title typed below the signature line. If the contract's contact will be a different entity, indicate that individual's contact information for communication purposes. Each proposal shall include the bidder's tax number.

### **1.7. Acknowledgment of Amendments:**

All bidders shall acknowledge receipt of any amendments to this RFP by returning a signed hard copy with the bid. Failure to acknowledge receipt of any amendments may render the proposal to be non-responsive. Changes to this RFP shall be issued only by Procurement and Contracts in writing.

### **1.8. Modification of Proposals:**

A bidder may modify a proposal by letter or by FAX transmission at any time prior to the closing date and time for receipt of proposals.

### **1.9. Withdrawal of Proposals:**

A proposal may be withdrawn on written request from the bidder to the Procurement Officer at Procurement and Contracts prior to the closing date.

### **1.10. Competition:**

The purpose of this RFP is to seek competition. The bidder shall advise Procurement and Contracts if any specification, language or other requirement inadvertently restricts or limits bidding to a single source. Notification shall be in writing and must be received by Procurement and Contracts no later than five (5) business days prior to the bid closing date. The Director of Purchases reserves the right to waive minor deviations in the specifications which do not hinder the intent of this RFP.

### **1.11. Evaluation of Proposals:**

Award shall be made in the best interest of the State as determined by the PNC or their designees. Although no weighted value is assigned, consideration may focus toward but is not limited to:

- Cost. Bidders are not to inflate prices in the initial proposal as cost is a factor in determining who may receive an award or be invited to formal negotiations. The State reserves the right to award to the lowest responsive bid without conducting formal negotiations, if authorized by the PNC.
- Adequacy and completeness of proposal
- Bidder's understanding of the project
- Compliance with the terms and conditions of the RFP
- Experience in providing like services
- Qualified staff
- Methodology to accomplish tasks
- Response format as required by this RFP

### **1.12. Acceptance or Rejection:**

The Committee reserves the right to accept or reject any or all proposals or part of a proposal; to waive any informalities or technicalities; clarify any ambiguities in proposals; modify any criteria in this RFP; and unless otherwise specified, to accept any item in a proposal.

### **1.13. Proposal Disclosures:**

At the time of closing, only the names of those who submitted proposals shall be made public information. No price information will be released. Interested bidders or their representatives may be present at the announcement at the following location:

Kansas Department of Administration

Procurement and Contracts

800 SW Jackson Street, Suite 600

Topeka, KS 66612 1216

Bid results will not be given to individuals over the telephone or email. Results may be obtained after contract finalization by obtaining a bid tabulation from Procurement and Contracts by sending (do not include with bid):

- A check for \$3.00, payable to the State of Kansas
- A self-addressed, stamped envelope
- Bid Event ID Number

Send to:

Kansas Department of Administration

Procurement and Contracts

Attention: Bid Results/Copies

800 SW Jackson, Suite 600

Topeka, KS 66612 1216

Copies of individual proposals may be obtained under the Kansas Open Records Act by sending an email to [janet.miller@da.ks.gov](mailto:janet.miller@da.ks.gov) or calling 785-296-0002 to request an estimate of the cost to reproduce the documents and remitting that amount with a written request to the above address or a vendor may make an appointment by calling the above number to view the proposal file. Upon receipt of the funds, the documents will be mailed. Information in proposal files shall not be released until a contract has been executed or all proposals have been rejected.

#### **1.14. Disclosure of Proposal Content and Proprietary Information:**

All proposals become the property of the State of Kansas. The Open Records Act (K.S.A. 45-215 et seq) of the State of Kansas requires public information be placed in the public domain at the conclusion of the selection process, and be available for examination by all interested parties. (<http://da.ks.gov/purch/KSOpenRecAct.doc>) No proposals shall be disclosed until after a contract award has been issued. The State reserves the right to destroy all proposals if the RFP is withdrawn, a contract award is withdrawn, or in accordance with Kansas law. Late Technical and/or Cost proposals will be retained unopened in the file and not receive consideration or may be returned to the bidder.

Trade secrets or proprietary information legally recognized as such and protected by law may be requested to be withheld if clearly labeled "Proprietary" on each individual page and provided as separate from the main proposal. Pricing information is not considered proprietary and the bidder's entire proposal response package will not be considered proprietary.

All information requested to be handled as "Proprietary" shall be submitted separately from the main proposal and clearly labeled, in a separate envelope or clipped apart from all other documentation. The bidder shall provide detailed written documentation justifying why this material should be considered "Proprietary". Procurement and Contracts reserves the right to accept, amend or deny such requests for maintaining information as proprietary in accordance with Kansas law.

The State of Kansas does not guarantee protection of any information which is not submitted as required.

#### **1.15. Exceptions:**

By submission of a response, the bidder acknowledges and accepts all terms and conditions of the RFP unless clearly avowed and wholly documented in a separate section of the Technical Proposal to be entitled: "Exceptions".

#### **1.16. Notice of Award:**

An award is made on execution of the written contract by all parties.

## **2. PROPOSAL RESPONSE**

### **2.1. Submission of Proposals:**

Bidder's proposal shall consist of:

- One (1) original and three (3) copies of the Technical Proposal, including the signed Event Details document, applicable literature and other supporting documents;
- One (1) original and three (3) copies of the cost proposal including the signed Event Details document,
- Two (2) electronic / software version(s) of the technical and cost proposals are required. This shall be provided on CD or flash drive, in Microsoft® Word or Excel. Technical and cost responses shall be submitted on separate media.

All copies of cost proposals shall be submitted in a separate sealed envelope or container separate from the technical proposal. The outside shall be identified clearly as "Cost Proposal" or "Technical Proposal" with the Bid Event ID number and closing date.

Bidder's proposal, sealed securely in an envelope or other container, shall be received no later than 2:00 p.m., Central Time, on the closing date, addressed as follows:

Kansas Department of Administration

Procurement and Contracts

Bid Event ID: EVT0001995

Closing Date: February 22, 2013

800 SW Jackson Street, Suite 600

Topeka, KS 66612 1216

It is the bidder's responsibility to ensure bids are received by the closing date and time. Delays in mail delivery or any other means of transmittal, including couriers or agents of the issuing entity shall not excuse late bid submissions.

Faxed, e-mailed or telephoned proposals are not acceptable unless otherwise specified.

Proposals received prior to the closing date shall be kept secured and sealed until closing. The State shall not be responsible for the premature opening of a proposal or for the rejection of a proposal that was not received prior to the closing date because it was not properly identified on the outside of the envelope or container. Late Technical and/or Cost proposals will be retained unopened in the file and not receive consideration or may be returned to the bidder.

### **2.2. Proposal Format:**

Bidders are instructed to prepare their Technical Proposal following the same sequence as this RFP.

### **2.3. Transmittal Letter:**

All bidders shall respond to the following statements:

- (a) the bidder is the prime contractor and identifying all subcontractors;

- (b) the bidder is a corporation or other legal entity;
- (c) no attempt has been made or will be made to induce any other person or firm to submit or not to submit a proposal;
- (d) the bidder does not discriminate in employment practices with regard to race, color, religion, age (except as provided by law), sex, marital status, political affiliation, national origin or disability;
- (e) no cost or pricing information has been included in the transmittal letter or the Technical Proposal;
- (f) the bidder presently has no interest, direct or indirect, which would conflict with the performance of services under this contract and shall not employ, in the performance of this contract, any person having a conflict;
- (g) the person signing the proposal is authorized to make decisions as to pricing quoted and has not participated, and will not participate, in any action contrary to the above statements;
- (h) whether there is a reasonable probability that the bidder is or will be associated with any parent, affiliate or subsidiary organization, either formally or informally, in supplying any service or furnishing any supplies or equipment to the bidder which would relate to the performance of this contract. If the statement is in the affirmative, the bidder is required to submit with the proposal, written certification and authorization from the parent, affiliate or subsidiary organization granting the State and/or the federal government the right to examine any directly pertinent books, documents, papers and records involving such transactions related to the contract. Further, if at any time after a proposal is submitted, such an association arises, the bidder will obtain a similar certification and authorization and failure to do so will constitute grounds for termination for cause of the contract at the option of the State;
- (i) bidder agrees that any lost or reduced federal matching money resulting from unacceptable performance in a contractor task or responsibility defined in the RFP, contract or modification shall be accompanied by reductions in state payments to Contractor; and
- (j) the bidder has not been retained, nor has it retained a person to solicit or secure a state contract on an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies maintained by the bidder for the purpose of securing business. For breach of this provision, the Committee shall have the right to reject the proposal, terminate the contract for cause and/or deduct from the contract price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee or other benefit.

#### **2.4. Bidder Information:**

The bidder must include a narrative of the bidder's corporation and each subcontractor if any. The narrative shall include the following:

- (a) date established;
- (b) ownership (public, partnership, subsidiary, etc.);
- (c) number of personnel, full and part time, assigned to this project by function and job title;
- (d) resources assigned to this project and the extent they are dedicated to other matters;
- (e) organizational chart;
- (f) financial statement may be required.

#### **2.5. Qualifications:**

A description of the bidder's qualifications and experience providing the requested or similar service, including resumes of personnel assigned to the project stating their education and work experience, shall be submitted with the Technical Proposal. The bidder must be an established firm recognized for its



capacity to perform. The bidder must have sufficient personnel to meet the deadlines specified in the RFP.

**2.6. Timeline:**

A timeline for implementing services must be submitted with the bid.

**2.7. Methodology:**

Bidders shall submit with the bid, a detailed explanation of the methodology for implementing services.

**2.8. References:**

Provide three (3) references who have purchased similar items or services from the bidder in the last three (3) year(s). References shall show firm name, contact person, address, e-mail address and phone number. Bidder's employees and the buying agency shall not be shown as references.

### **3. TERMS AND CONDITIONS**

#### **3.1. Contract Documents:**

This RFP, any amendments, the response and any response amendments of the Contractor, and the State of Kansas DA-146a (Contractual Provision Attachment) shall be incorporated into the written contract, which shall compose the complete understanding of the parties.

In the event of a conflict in terms of language among the documents, the following order of precedence shall govern:

- Form DA 146a;
- written modifications to the executed contract;
- written contract signed by the parties;
- the RFP, including any and all amendments;
- and Contractor's written proposal submitted in response to the RFP as finalized.

#### **3.2. Contract:**

The successful bidder will be required to enter into a written contract with the State. The contractor agrees to accept the provisions of Form DA 146a (Contractual Provisions Attachment), which is incorporated into all contracts with the State and is incorporated into this RFP.

#### **3.3. Contract Formation:**

No contract shall be considered to have been entered into by the State until all statutorily required signatures and certifications have been rendered and a written contract has been signed by the successful bidder.

#### **3.4. Notices:**

All notices, demands, requests, approvals, reports, instructions, consents or other communications (collectively "notices") that may be required or desired to be given by either party to the other shall be IN WRITING and addressed as follows:

Kansas Department of Administration

Procurement and Contracts

800 SW Jackson St, Suite 600

Topeka, Kansas 66612-1216

RE: Bid Event ID Number \_\_\_\_\_

or to any other persons or addresses as may be designated by notice from one party to the other.

#### **3.5. Termination for Cause:**

The Director of Purchases may terminate this contract, or any part of this contract, for cause under any one of the following circumstances:

- the Contractor fails to make delivery of goods or services as specified in this contract;
- the Contractor provides substandard quality or workmanship;
- the Contractor fails to perform any of the provisions of this contract, or

- the Contractor fails to make progress as to endanger performance of this contract in accordance with its terms.

The Director of Purchases shall provide Contractor with written notice of the conditions endangering performance. If the Contractor fails to remedy the conditions within ten (10) days from the receipt of the notice (or such longer period as State may authorize in writing), the Director of Purchases shall issue the Contractor an order to stop work immediately. Receipt of the notice shall be presumed to have occurred within three (3) days of the date of the notice.

### **3.6. Termination for Convenience:**

The Director of Purchases may terminate performance of work under this contract in whole or in part whenever, for any reason, the Director of Purchases shall determine that the termination is in the best interest of the State of Kansas. In the event that the Director of Purchases elects to terminate this contract pursuant to this provision, it shall provide the Contractor written notice at least 30 days prior to the termination date. The termination shall be effective as of the date specified in the notice. The Contractor shall continue to perform any part of the work that may have not been terminated by the notice.

### **3.7. Debarment of State Contractors:**

Any Contractor who defaults on delivery or does not perform in a satisfactory manner as defined in this Contract may be barred for a period up to three (3) years, pursuant to KSA 75-37,103, or have their work evaluated for pre-qualification purposes pursuant to K.S.A. 75-37,104.

### **3.8. Rights and Remedies:**

If this contract is terminated, the State, in addition to any other rights provided for in this contract, may require the Contractor to transfer title and deliver to the State in the manner and to the extent directed, any completed materials. The State shall be obligated only for those services and materials rendered and accepted prior to the date of termination.

In the event of termination, the Contractor shall receive payment prorated for that portion of the contract period services were provided to or goods were accepted by State subject to any offset by State for actual damages including loss of federal matching funds.

The rights and remedies of the State provided for in this contract shall not be exclusive and are in addition to any other rights and remedies provided by law.

### **3.9. Force Majeure:**

The Contractor shall not be held liable if the failure to perform under this contract arises out of causes beyond the control of the Contractor. Causes may include, but are not limited to, acts of nature, fires, tornadoes, quarantine, strikes other than by Contractor's employees, and freight embargoes.

### **3.10. Waiver:**

Waiver of any breach of any provision in this contract shall not be a waiver of any prior or subsequent breach. Any waiver shall be in writing and any forbearance or indulgence in any other form or manner by State shall not constitute a waiver.

### **3.11. Independent Contractor:**

Both parties, in the performance of this contract, shall be acting in their individual capacity and not as agents, employees, partners, joint ventures or associates of one another. The employees or agents of one party shall not be construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor accepts full responsibility for payment of unemployment insurance, workers compensation, social security, income tax deductions and any other taxes or payroll deductions required by law for its employees engaged in work authorized by this contract.

### **3.12. Staff Qualifications:**

The Contractor shall warrant that all persons assigned by it to the performance of this contract shall be employees of the Contractor (or specified Subcontractor) and shall be fully qualified to perform the work required. The Contractor shall include a similar provision in any contract with any Subcontractor selected to perform work under this contract.

Failure of the Contractor to provide qualified staffing at the level required by the contract specifications may result in termination of this contract or damages.

### **3.13. Subcontractors:**

The Contractor shall be the sole source of contact for the contract. The State will not subcontract any work under the contract to any other firm and will not deal with any subcontractors. The Contractor is totally responsible for all actions and work performed by its subcontractors. All terms, conditions and requirements of the contract shall apply without qualification to any services performed or goods provided by any subcontractor.

The State of Kansas requires tax clearance certificates for all subcontractors be submitted with the technical proposal, and that the bidder additionally provide subcontractor(s) legal company name, contact information and tax ID number (FEIN/TIN) as well.

### **3.14. Proof of Insurance:**

Upon request, the Contractor shall present an affidavit of Worker's Compensation, Public Liability, and Property Damage Insurance to Procurement and Contracts.

### **3.15. Conflict of Interest:**

The Contractor shall not knowingly employ, during the period of this contract or any extensions to it, any professional personnel who are also in the employ of the State and providing services involving this contract or services similar in nature to the scope of this contract to the State. Furthermore, the Contractor shall not knowingly employ, during the period of this contract or any extensions to it, any state employee who has participated in the making of this contract until at least two years after his/her termination of employment with the State.

### **3.16. Confidentiality:**

The Contractor may have access to private or confidential data maintained by State to the extent necessary to carry out its responsibilities under this contract. Contractor must comply with all the requirements of the Kansas Open Records Act (K.S.A. 42-215 *et seq.*) in providing services under this contract. Contractor shall accept full responsibility for providing adequate supervision and training to its agents and employees to ensure compliance with the Act. No private or confidential data collected, maintained or used in the course of performance of this contract shall be disseminated by either party except as authorized by statute, either during the period of the contract or thereafter. Contractor must agree to return any or all data furnished by the State promptly at the request of State in whatever form it is maintained by Contractor. On the termination or expiration of this contract, Contractor will not use

any of such data or any material derived from the data for any purpose and, where so instructed by State, will destroy or render it unreadable.

### **3.17. Nondiscrimination and Workplace Safety:**

The Contractor agrees to abide by all federal, state and local laws, and rules and regulations prohibiting discrimination in employment and controlling workplace safety. Any violations of applicable laws or rules or regulations may result in termination of this contract.

### **3.18. Environmental Protection:**

The Contractor shall abide by all federal, state and local laws, and rules and regulations regarding the protection of the environment. The Contractor shall report any violations to the applicable governmental agency. A violation of applicable laws or rule or regulations may result in termination of this contract for cause.

### **3.19. Hold Harmless:**

The Contractor shall indemnify the State against any and all loss or damage to the extent arising out of the Contractor's negligence in the performance of services under this contract and for infringement of any copyright or patent occurring in connection with or in any way incidental to or arising out of the occupancy, use, service, operations or performance of work under this contract.

The State shall not be precluded from receiving the benefits of any insurance the Contractor may carry which provides for indemnification for any loss or damage to property in the Contractor's custody and control, where such loss or destruction is to state property. The Contractor shall do nothing to prejudice the State's right to recover against third parties for any loss, destruction or damage to State property.

### **3.20. Care of State Property:**

The Contractor shall be responsible for the proper care and custody of any state owned personal tangible property and real property furnished for Contractor's use in connection with the performance of this contract. The Contractor shall reimburse State for such property's loss or damage caused by Contractor, normal wear and tear excepted.

### **3.21. Prohibition of Gratuities:**

Neither the Contractor nor any person, firm or corporation employed by the Contractor in the performance of this contract shall offer or give any gift, money or anything of value or any promise for future reward or compensation to any State employee at any time.

### **3.22. Retention of Records:**

Unless the State specifies in writing a different period of time, the Contractor agrees to preserve and make available at reasonable times all of its books, documents, papers, records and other evidence involving transactions related to this contract for a period of five (5) years from the date of the expiration or termination of this contract.

Matters involving litigation shall be kept for one (1) year following the termination of litigation, including all appeals, if the litigation exceeds five (5) years.

The Contractor agrees that authorized federal and state representatives, including but not limited to, personnel of the using agency; independent auditors acting on behalf of state and/or federal agencies shall have access to and the right to examine records during the contract period and during the five (5) year post contract period. Delivery of and access to the records shall be within five (5) business days at no cost to the state.

**3.23. Antitrust:**

If the Contractor elects not to proceed with performance under any such contract with the State, the Contractor assigns to the State all rights to and interests in any cause of action it has or may acquire under the anti-trust laws of the United States and the State of Kansas relating to the particular products or services purchased or acquired by the State pursuant to this contract.

**3.24. Modification:**

This contract shall be modified only by the written agreement and approval of the parties. No alteration or variation of the terms and conditions of the contract shall be valid unless made in writing and signed by the parties. Every amendment shall specify the date on which its provisions shall be effective.

**3.25. Assignment:**

The Contractor shall not assign, convey, encumber, or otherwise transfer its rights or duties under this contract without the prior written consent of the State. State may reasonably withhold consent for any reason.

This contract may terminate for cause in the event of its assignment, conveyance, encumbrance or other transfer by the Contractor without the prior written consent of the State.

**3.26. Third Party Beneficiaries:**

This contract shall not be construed as providing an enforceable right to any third party.

**3.27. Captions:**

The captions or headings in this contract are for reference only and do not define, describe, extend, or limit the scope or intent of this contract.

**3.28. Severability:**

If any provision of this contract is determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this contract shall not be affected and each provision of this contract shall be enforced to the fullest extent permitted by law.

**3.29. Governing Law:**

This contract shall be governed by the laws of the State of Kansas and shall be deemed executed in Topeka, Shawnee County, Kansas.

**3.30. Jurisdiction:**

The parties shall bring any and all legal proceedings arising hereunder in the State of Kansas District Court of Shawnee County, unless otherwise specified and agreed upon by the State of Kansas. Contractor waives personal service of process, all defenses of lack of personal jurisdiction and forum non conveniens. The Eleventh Amendment of the United States Constitution is an inherent and incumbent protection with the State of Kansas and need not be reserved, but prudence requires the State to reiterate that nothing related to this Agreement shall be deemed a waiver of the Eleventh Amendment.

### **3.31. Mandatory Provisions:**

The provisions found in Contractual Provisions Attachment (DA 146a) are incorporated by reference and made part of this Contract.

### **3.32. Integration:**

This contract, in its final composite form, shall represent the entire agreement between the parties and shall supersede all prior negotiations, representations or agreements, either written or oral, between the parties relating to the subject matter hereof. This Agreement between the parties shall be independent of and have no effect on any other contracts of either party.

### **3.33. Debarment of State Contractors:**

Any Contractor who defaults on delivery or does not perform in a satisfactory manner as defined in this Agreement may be barred for up to a period of three (3) years, pursuant to K.S.A. 75-37,103, or have its work evaluated for pre-qualification purposes. Contractor shall disclose any conviction or judgment for a criminal or civil offense of any employee, individual or entity which controls a company or organization or will perform work under this Agreement that indicates a lack of business integrity or business honesty. This includes (1) conviction of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract or in the performance of such contract or subcontract; (2) conviction under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property; (3) conviction under state or federal antitrust statutes; and (4) any other offense to be so serious and compelling as to affect responsibility as a state contractor. For the purpose of this section, an individual or entity shall be presumed to have control of a company or organization if the individual or entity directly or indirectly, or acting in concert with one or more individuals or entities, owns or controls 25 percent or more of its equity, or otherwise controls its management or policies. Failure to disclose an offense may result in disqualification of the bid or termination of the contract.

### **3.34. Immigration and Reform Control Act of 1986 (IRCA):**

All contractors are expected to comply with the Immigration and Reform Control Act of 1986 (IRCA), as may be amended from time to time. This Act, with certain limitations, requires the verification of the employment status of all individuals who were hired on or after November 6, 1986, by the contractor as well as any subcontractor or sub-contractors. The usual method of verification is through the Employment Verification (I-9) Form.

With the submission of this bid, the contractor hereby certifies without exception that such contractor has complied with all federal and state laws relating to immigration and reform. Any misrepresentation in this regard or any employment of persons not authorized to work in the United States constitutes a material breach and, at the State's option, may subject the contract to termination for cause and any applicable damages.

Unless provided otherwise herein, all contractors are expected to be able to produce for the State any documentation or other such evidence to verify Contractor's IRCA compliance with any provision, duty, certification or like item under the contract.

Contractor will provide a copy of a signed Certification Regarding Immigration Reform and Control Form <http://da.ks.gov/purch/CertificationImmigrationForm.doc> with the technical proposal.

### **3.35. Worker Misclassification:**

The contractor and all lower tiered subcontractors under the contractor shall properly classify workers as employees rather than independent contractors and treat them accordingly for purposes of workers'

compensation insurance coverage, unemployment taxes, social security taxes, and income tax withholding. Failure to do so may result in contract termination.

### **3.36. Injunctions:**

Should Kansas be prevented or enjoined from proceeding with the acquisition before or after contract execution by reason of any litigation or other reason beyond the control of the State, Contractor shall not be entitled to make or assert claim for damage by reason of said delay.

### **3.37. Statutes:**

Each and every provision of law and clause required by law to be inserted in the contract shall be deemed to be inserted herein and the contract shall be read and enforced as though it were included herein. If through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then on the application of either party the contract shall be amended to make such insertion or correction.

### **3.38. Federal, State and Local Taxes:**

Unless otherwise specified, the proposal price shall include all applicable federal, state and local taxes. The Contractor shall pay all taxes lawfully imposed on it with respect to any product or service delivered in accordance with this Contract. The State of Kansas is exempt from state sales or use taxes and federal excise taxes for direct purchases. These taxes shall not be included in the bidder's price quotation. Upon request, the State shall provide to the Contractor a certificate of tax exemption.

The State makes no representation as to the exemption from liability of any tax imposed by any governmental entity on the Contractor.

### **3.39. Accounts Receivable Set-Off Program:**

If, during the course of this contract the Contractor is found to owe a debt to the State of Kansas, agency payments to the Contractor may be intercepted / setoff by the State of Kansas. Notice of the setoff action will be provided to the Contractor. Pursuant to K.S.A. 75-6201 et seq, Contractor shall have the opportunity to challenge the validity of the debt. If the debt is undisputed, the Contractor shall credit the account of the agency making the payment in an amount equal to the funds intercepted.

K.S.A. 75-6201 et seq. allows the Director of Accounts & Reports to setoff funds the State of Kansas owes Contractors against debts owed by the Contractors to the State of Kansas. Payments setoff in this manner constitute lawful payment for services or goods received. The Contractor benefits fully from the payment because its obligation to the State is reduced by the amount subject to setoff.

### **3.40. Definitions:**

A glossary of common procurement terms is available at <http://da.ks.gov/purch>, under "Purchasing Forms".



**3.41. Definite Quantity Contract:**

This Request is for a close-ended contract between the Contractor and the State to furnish a predetermined quantity of a good or service in a given period of time.

**3.42. HIPAA Confidentiality:**

Per the Health Insurance Portability and Accountability Act (1996) (HIPAA), the agency is a covered entity under the act and therefore Contractor is not permitted to use or disclose health information in ways that the agency could not. This protection continues as long as the data is in the hands of the Contractor.

The Contractor shall establish and maintain procedures and controls acceptable to the agency to protect the privacy of members' information. Unless the Contractor has the member's written consent, the Contractor shall not use any personally identifiable information obtained for any reason other than that mandated by this agreement

**3.43. Off-Shore Sourcing:**

Bidders shall disclose in their bid response the location where the contracted services will be performed and whether or not any of the work necessary to provide the contracted services will be performed at a site outside the United States.

If, during the term of the contract, the Contractor or subcontractor plans to move work previously performed in the United States to a location outside of the United States, the Contractor shall immediately notify Procurement and Contracts and the respective agency in writing, indicating the desired new location, the nature of the work to be moved and the percentage of work that would be relocated. The Director of Purchases, with the advice of the respective agency, must approve any changes prior to work being relocated. Failure to obtain the Director's approval may be grounds to terminate the contract for cause.

**3.44. On-Site Inspection:**

Failure to adequately inspect the premises shall not relieve the Contractor from furnishing without additional cost to the State any materials, equipment, supplies or labor that may be required to carry out the intent of this Contract. Submission of a proposal shall be construed as evidence that the bidder has made necessary examination, inspection and investigation. Failure to properly inspect the site may result in rejection of the bidder's response.

**3.45. Experience:**

All bidders are preferred to have continuous active participation in the applicable industry, providing equipment/services comparable in size and complexity to those specified herein.

Bidders may be required to furnish information supporting the capability to comply with conditions for bidding and fulfill the contract if receiving an award of contract. Such information may include, but not be limited to, a list of similar size and type projects the bidder has completed.

**3.46. Prices:**

Prices shall remain firm for the entire contract period and subsequent renewals. Prices shall be net delivered, including all trade, quantity and cash discounts. Any price reductions available during the

contract period shall be offered to the State of Kansas. Failure to provide available price reductions may result in termination of the contract for cause.

### **3.47. Payment:**

Payment Terms are Net 30 days. Payment date and receipt of order date shall be based upon K.S.A. 75-6403(b). This Statute requires state agencies to pay the full amount due for goods or services on or before the 30th calendar day after the date the agency receives such goods or services or the bill for the goods and services, whichever is later, unless other provisions for payment are agreed to in writing by the Contractor and the state agency. NOTE: If the 30th calendar day noted above falls on a Saturday, Sunday, or legal holiday, the following workday will become the required payment date.

Payments shall not be made for costs or items not listed in the Contractor's response.

Payment schedule shall be on a frequency mutually agreed upon by both the agency and the Contractor.

### **3.48. Unit Pricing:**

Each item required by the bid must be individually priced (i.e. priced per single unit) and be able to be ordered individually.

### **3.49. Upgrades:**

Bidders shall indicate the upgrade price and policy for any software, firmware, or hardware upgrades anticipated for the equipment bid. If the upgrades are provided without cost, this should be indicated.

### **3.50. Demonstration Requirements:**

A demonstration of the selected devices/equipment/solution for the using agencies may be required before final contract approval. The State of Kansas reserves the right to request said devices/equipment/solution fully configured/operational for testing, which shall be furnished at no expense to the State within ten (10) days after receipt of request. Devices/equipment will be returned at the bidder's expense if not consumed during the evaluation process.

### **3.51. Materials and Workmanship:**

The Contractor shall perform all work and furnish all supplies and materials, machinery, equipment, facilities, and means, necessary to complete all the work required by this Contract, within the time specified, in accordance with the provisions as specified.

The contractor shall be responsible for all work put in under these specifications and shall make good, repair and/or replace, at the contractor's own expense, as may be necessary, any defective work, material, etc., if in the opinion of agency and/or Division of Purchases said issue is due to imperfection in material, design, workmanship or contractor fault.

### **3.52. Industry Standards:**

If not otherwise provided, materials or work called for in this contract shall be furnished and performed in accordance with best established practice and standards recognized by the contracted industry and comply with all codes and regulations which shall apply.

### **3.53. Subcontractors:**

Kansas Statute K.S.A. 75-3741, as amended, requires a Bidder to list and identify the "Major Sub-Contractors" for Mechanical Construction, Plumbing Construction, or Electrical Construction included as a part of the Proposal, when a single contract for the "Project as a whole" is to be awarded.

The State of Kansas requires tax clearance certificates for all subcontractors be submitted with the technical proposal, and that the bidder additionally provide subcontractor(s) legal company name, contact information and tax ID number (FEIN/TIN) as well.

### **3.54. Equipment:**

All proposed equipment, equipment options, and hardware expansions must be identified by manufacturer and model number and descriptive literature of such equipment must be submitted with the bid response.

### **3.55. Implied Requirements:**

All products and services not specifically mentioned in this RFP, but which are necessary to provide the functional capabilities described by the specifications, shall be included. Other products required to make the described software functional shall be identified in the bidder's response.

### **3.56. Acceptance:**

No contract provision or use of items by the State shall constitute acceptance or relieve the Contractor of liability in respect to any expressed or implied warranties.

### **3.57. Ownership:**

All data, forms, procedures, software, manuals, system descriptions and work flows developed or accumulated by the Contractor under this contract shall be owned by the using agency. The Contractor may not release any materials without the written approval of the using agency.

### **3.58. Software Code and Intellectual Property Rights:**

As applicable, all original software and software code and related intellectual property developed or created by the Contractor in the performance of its obligations under this Contract or any Task Order issued under this Contract, shall become the sole property of the State of Kansas. The Contractor will surrender all original written materials, including any reports, studies, designs, drawings, specifications, notes, documents, software and documentation, computer-based training modules, electronically or magnetically recorded material, used to develop this software or software code and related intellectual property to the state entity for which it was developed.

### **3.59. Data:**

Any and all data required to be provided at any time during the bid process or contract term shall be made available in a format as requested and/or approved by the State.

### **3.60. Certification of Materials Submitted:**

The response to this RFP, together with the specifications set forth herein and all data submitted by the bidder to support the response including brochures, manuals, and descriptions covering the operating characteristics of the item(s) proposed, shall become a part of any contract between the Contractor and the State of Kansas. Any written representation covering such matters as reliability of the item(s), the experience of other users, or warranties of performance shall be incorporated by reference into the contract.

### **3.61. Inspection:**

The State reserves the right to reject, on arrival at destination, any items which do not conform with specification of the Contract.

**3.62. New Materials, Supplies or Equipment:**

Unless otherwise specified, all materials, supplies or equipment offered by the Contractor shall be new, unused in any regard and of most current design. All materials, supplies and equipment shall be first class in all respects. Seconds or flawed items will not be acceptable. All materials, supplies or equipment shall be suitable for their intended purpose and, unless otherwise specified, fully assembled and ready for use on delivery.

**3.63. Bidder Contracts:**

Bidders must include with their RFP response, a copy of any contracts, agreements, licenses, warranties, etc. that the bidder would propose to incorporate into the any contract generated from this Bid Event. (State of Kansas form DA-146a remains a mandatory requirement in all contracts.)

**3.64. Transition Assistance:**

In the event of contract termination or expiration, Contractor shall provide all reasonable and necessary assistance to State to allow for a functional transition to another vendor.

**3.65. Award:**

Award will be by line item or group total, whichever is in the best interest of the State of Kansas.

## 4. SPECIFICATIONS

The State of Kansas is issuing this Request for Proposal to obtain competitive responses from Contractors to for the recalibration and rebasing of the Kansas Medicaid Inpatient Hospital Diagnosis Related Groups (DRG) Reimbursement System and for the determination and calculation of Disproportionate Share Hospital (DSH) System, per the attached specifications, for Kansas Department of Health and Environment, Division of Health Care Finance, Topeka, KS.

- 4.1. Term of Contract: The term of this contract is for a three (3) year(s) period from the date of award with additional two (2) two (2) year renewal(s) by written agreement of the parties.
- 4.2. Purpose: The recalibration and rebasing project will consist of:
  - Reviewing the current methodology, including the State plan to make recommendations for changes to the pricing methodology.
  - Designing, coding, testing, and implementation of a PC based database of hospital cost report data for hospital specific rate calculations.
  - Designing, coding, testing, and implementing a PC based database of paid claims data which determines the cost of each claim.
  - Designing, coding, testing, and implementing a PC system which can be used on an annual basis to determine the potential effects of recalibration and/or rebasing.
  - Analyzing the actual allowable cost of inpatient care in Kansas provided to Medicaid/Medicare recipients. Review unusual costs of providing health care services in rural areas and extraordinary cost of health care service delivery; and collect and maintain hospital Cost Reports.
  - Development of an Upper Payment Limit computation in accordance with federal requirements.
  - Development of data for graduate medical education using a formula specified by the State. Graduate medical education payments are not part of the DRG rates, but are paid separately by the State.
  - This is an on-going project and the contract is expected to perform recalibration and rebasing on an annual basis. The contract shall provide on-going consultation on specific DRG issues.
  - The determination and calculation project for DSH will consist of:
    - Extracting data from Cost Reports to be utilized in the determination of DSH eligibility and calculation of allowable DSH payments;
    - Populating DSH eligibility worksheets with information gained from cost reports;
    - Obtain claims summary reports from the Division of Health Care Finance (DHCF) to be used in the DSH eligibility worksheets;
    - The contract shall mail the worksheets to Kansas hospitals, providing an electronic worksheet for completion. The contractor shall follow-up with hospitals to ensure response;
    - Calculation of allowable DSH payments based upon information received; and

- Provide a final worksheet to DHCF, reflecting DSH payments by hospital.

- 4.3 Background: The current DRG system is based on Medicare DRG's plus seven (7) added for neonates. The current Medicare Grouper is being used. The State does not have the capability of regrouping prior claims using a more current grouper.

Federal law requires state Medicaid programs to take into account the situation of hospitals that serve a disproportionate number of low-income patients with special needs when determining payment rates for inpatient hospital care, allowing the potential for higher Medicaid reimbursement.

The current DRG process is outlined in the Kansas Medicaid State Plan. (See the attached documents)

- 4.4 Organization of Work: The work to be performed is described under the following seven (7) major tasks.

- Requirements Analysis
- Reimbursement System Recommendations
- Recalibration and Relative Weights
- Completion of Studies
- Design, development and calculation
- Testing
- Implementation

Although the tasks are described separately, it is recognized that there will be some overlap in the timing of the tasks. However, the Testing Task shall not begin until satisfactory completion of the Design, Development, and Calculation Task, and the Implementation Task shall not begin until satisfactory completion of the Testing Task.

The responsibilities of the contractor are identified for each of the seven (7) tasks. In addition, the contractor has overall responsibility for the timely completion of each task. The contractor is responsible for clearly specifying and requesting information or data from DHCF in such a manner as not to delay any part of the schedule.

- 4.4.1 Project Deliverables: All project deliverables listed for each Task must meet DHCF approved format and content requirements. Minimum requirements for major deliverables are described in the RFP.

All contractor deliverables will be reviewed by DHCF and will require formal approval. The contractor shall include at least ten (10) working days per deliverable in the project work plan for DHCF to complete the review of each deliverable and to document the results.

- 4.4.2 **Project Milestones:** Project milestones are listed for each of the tasks. For those tasks occurring during the design and development phase, each milestone denotes a critical check point toward the operations start date of October 1st. In order to complete all public notice requirements the contractor must have final approved information to DHCF by September 1 of each year.

The contractor work plan shall highlight each of the milestones listed. The State will monitor the completion of these milestones against the dates specified in the contractor's work plan. Compliance with key milestone dates shall be the basis for determining performance and enforcing performance standards. Missed milestones due to contractor performance problems shall result in financial

sanctions. Each sanction shall be an assessment of a penalty of one (1) percent of the yearly payment due to the contractor, to be assessed against the next monthly contractor payment. In addition, ten percent (10%) of the monthly payment to the contractor shall be withheld until satisfactory completion of all milestones, contract deliverables, and turnover activities, and may be applied against contract performance deficiencies.

Any request for delay of a key date must be made in writing to the DRG Project Manager. The Project Manager may or may not grant the request.

DHCF does not encourage and will not participate in, or in any way be bound by, work which is performed out of phase. The contractor shall be required to follow the approved work plan at all times. Any work performed by the contractor related to the next task prior to formal DHCF approval of the completion of previous tasks is done at the contractor's own risk.

Any informal approvals or decisions rendered by DHCF on any deliverable or other work leading to the satisfaction of a milestone are tentative and, as such, are subject to modifications, additions or deletions as a result of the formal review of the deliverable.

4.4.3 **Section Organization:** The remainder of this section describes the requirements for the work performed under this contract, including the following:

- General Requirements
- Requirements Analysis Task
- Recalibration of Relative Weights Task
- Completion of Studies Task
- Design, Development, and Calculation Task
- Testing Task
- Implementation Task

## 4.5 **Implementation and Operation:**

4.5.1 The contractor shall be responsible for the recalibration and rebasing of the Kansas Medicaid Inpatient Hospital Diagnosis Related Groups (DRG) Reimbursement System and the Disproportionate Share Hospital (DSH) System. At the present time, Kansas has approximately 140 hospitals that are affected by this process. The total number of claims is between 40,000 and 50,000.

4.5.2 The contractor shall be capable of receiving electronic cost reports. The contractor shall receive and store, on a temporary basis (at least two years), hospital cost reports from all Kansas reporting hospitals. The contractor shall maintain cost information to be utilized in DRG calculations in an electronic format approved by DHCF. Note: a typical report contains approximately 200 hard copy pages.

4.5.3 The contractor shall be responsible for drafting a form letter to notify all hospitals that their cost reports must be filed timely, and for providing DHCF with a quarterly list of hospital cost reports which are due and which have been received. DHCF will furnish the letterhead paper for the letters and will mail them. The contractor shall provide access to cost report files during all regular working hours.

## **4.6 Software Requirements**

- 4.6.1 Any proprietary data, software or components must be identified. If the contractor fails to identify proprietary software, components or data, the contractor will be deemed to have waived his claim to such proprietary items.
- 4.6.2 Claims data will be provided to the Contractor on a mainframe tape. This data will include encounter data paid by an MCO.
- 4.6.3 All output from Contractor should be provided to DHCF in either dBASE, Access or Excel compatible software.

## **4.7. Missed Milestones**

- 4.7.1 Any deliverable that is not received in its entirety on the date specified in the approved detailed work plan or rejected in whole or in part, results in a missed milestone. Any milestone that is not completed satisfactorily on the date specified in the approved work plan constitutes a missed milestone and indicates to DHCF that the contractor is not on track in meeting key dates. In the event that the contractor missed any contract milestone, damages may be addressed by the State.
- 4.7.2 Within forty-eight (48) hours of missing a contract milestone, the contractor must submit to DHCF a Corrective Action Plan. The purpose of this plan is to document the steps that the contractor will take to correct the deficiency and bring the project back on schedule. This plan will describe the nature of the deficiency, the process for correcting the deficiency, the date the milestone will be met and the impact of the missed milestone on other milestone completion dates. The plan must identify the additional resources the contractor will provide so that the deficiency can be corrected with minimal impact on other milestones.
- 4.7.3 In addition to the Corrective Action Plan, the contractor must submit within forty-eight (48) hours of missing a contract milestone, a revised work plan for review and approval by the State. This revised work plan must reflect impact of the missed milestone on any subsequent task and must allow the State ten (10) days for review of any resubmitted deliverables.
- 4.7.4 DHCF will reject any Corrective Action Plan or revised work plan that it feels is incomplete, unreasonable or in any way unacceptable and will assess damages accordingly.

## **4.8 Office Space, Materials, Supplies**

- 4.8.1 The contractor shall provide its own office space, materials, supplies and equipment not otherwise stipulated by this RFP.
- 4.8.2 Availability of Contractor Project Director to DHCF
- 4.8.3 The contractor shall designate a Project Director who will directly supervise the project staff responsible for the tasks described in this RFP. The project Director shall be available to DHCF staff for the purpose of coordinating, explaining and



operation of the project. The Project Director or a designee shall be available to DHCF staff Monday through Friday from 8:00 am until 5:00 pm each day.

#### **4.9 Reports and Other Outputs**

The contractor shall deliver each required report, including ad-hoc reports, to the personnel specified by DHCF. Reports will not be shared or delivered to any other entity without the written prior approval of DHCF. The scheduled number of copies and media for current reports will be specified by DHCF. The contractor shall be required to develop, update and maintain a report distribution list during the contract period to incorporate changes required by DHCF. At a minimum, the contractor shall be required to furnish reports on the following schedule:

- 4.9.1 Weekly reports by noon on the second (2nd) working day after the end of the week;
- 4.9.2 Monthly reports by noon on the fifth (5th) working day after the end of the month;
- 4.9.3 Quarterly reports by noon on the tenth (10th) day after the end of the quarter;
- 4.9.4 Annual reports by noon of the twentieth (20th) working day following the end of the year (whether Federal fiscal year, State fiscal year, waiver year or other annual period);
- 4.9.5 Ad hoc and on-request reports on the date specified by DHCF in the report request.

Each DRG and DSH output must be produced in the format specified, and each output must contain accurate data.

#### **4.10 Fair Hearing Responsibility**

The contractor has the general responsibility to provide expert testimony, both written and verbal, as may be required in fair hearings or legal appeals relating to DRG's and DSH.

#### **4.11 State and Federal Regulations**

The contractor shall review new State and Federal legislation on an ongoing basis to assess its impact on the DRG Reimbursement System and Disproportionate Share Hospital eligibility. The contractor shall work with DHCF to efficiently implement any required system or operations modifications that result from any legislative changes.

#### **4.12 Training of DHCF Staff**

The contractor is responsible for providing, at DHCF request, ongoing training to DHCF personnel in DRG and DSH related functions, including understanding the recalibration and rebasing processes, understanding the calculation of payments and interpreting reports.

Training shall be conducted at the DHCF offices unless otherwise specified. Training time by the contractor shall not exceed forty (40) hours per year.

#### **4.13 Documentation Requirements**

Operations Procedures Manual is required as part of the deliverables described in this RFP. All documentation must be produced in an approved DHCF format and meet the minimum contents requirements described in the following subsections. All documentation must be updated and maintained throughout the contract period. The documentation must be:

- 4.13.1 Comprehensive and accurate,
- 4.13.2 Structured so that it is easily maintained,

- 4.13.3 Updated continually to reflect the current status of the system and submitted to DHCF for approval within ten (10) working days of implementation of the system change unless otherwise authorized by DHCF, and
- 4.13.4 Free of errors on an ongoing basis, and at the time the system is turned over to DHCF or its agent at the end of the contract period.

Minimum requirements are listed in the following subsections.

#### **4.14 Operations Procedures Manual**

The contractor must maintain the Operations Procedures Manual. Revisions to this manual are required as a result of acceptance test results will be incorporated prior to the start of operations. Updates to this manual must be prepared on all changes, corrections or modifications to the system within ten (10) working days of DHCF approval of the system change. The contractor will be responsible for the production and distribution of updates to all copies of the Operations Procedures Manual.

The following standards apply to the DRG and DSH Operations Procedures Manual:

- 4.14.1. Instructions for sequential functions must follow the flow of actual activity.
- 4.14.2. The manual must contain a table of contents.
- 4.14.3. Definitions of codes used in various sections of the manual must be consistent.
- 4.14.4. Mnemonics used in the manual instructions must be identified and must be consistent with reports.
- 4.14.5. Abbreviations must be consistent throughout the manual.

#### **4.15 Recalibration and/or Rebased DRG Rates Documentation**

The Recalibration and/or rebased DRG rates will be delivered during the Implementation Task and must accurately describe the process at the time of delivery.

The contractor is responsible for providing to DHCF complete, accurate and timely documentation of the system. The final version of the system must be provided within thirty (30) calendar days following DHCF acceptance of the system.

#### **4.16 Determination and Calculation of DSH Documentation**

The determination of DSH eligibility and calculation of allowable payments will be delivered during the Implementation Task and must accurately describe the process at the time of delivery.

The contractor is responsible for providing to DHCF complete, accurate and timely documentation of the system. The final version of the system must be provided within thirty (30) calendar days following DHCF acceptance of the system.

#### **4.17 Detailed Work Plan**

A detailed work plan is required to monitor development efforts. The work plan shall be prepared by the contractor for DHCF approval. The contractor shall prepare all sections of the work plan using information from its proposal, the Request for Proposals, and other sources as agreed to by DHCF, if necessary.

#### **4.18 Security and Disaster Recovery Requirements**

The contractor shall assure that all systems, procedures, practices, and facilities data and reports are fully secured and protected by satisfactory security arrangements.

#### **4.19 Requirements Analysis Task**

In executing the Requirements Analysis Task, the contractor shall conduct a detailed survey of user requirements to refine and finalize the requirements specifications in the RFP and the work plan presented as part of the contractor's proposal. This task shall result in a detailed Required Analysis Document, which will address all of the project requirements, and an updated work plan.

#### **4.20 Contractor Responsibilities:**

##### **4.20.1 General Requirements:**

##### **4.20.1.2 The contractor shall:**

- 4.20.1.2.1** Become familiar with the current DRG system.
- 4.20.1.2.2** Become familiar with process to determine DSH eligibility.
- 4.20.1.2.3** Conduct a detailed requirements analysis and prepare a document addressing the system and operation requirements, the major functions of the DRG system, DSH eligibility and payments, and all DHCF specific needs.
- 4.20.1.4.** Finalize the work plan. The work plan shall include, but not be limited to, the identification of each task and subtask, anticipated start and completion dates, actual start and completion dates, responsible party and approval requirement.
- 4.20.1.2.5** Present findings to DHCF.
- 4.20.1.2.6** Provide weekly progress reports.
- 4.20.1.2.7** Obtain written approval from DHCF for each deliverable.
- 4.20.1.2.8** Revise deliverables, as required by DHCF.

##### **4.20.1.1 Milestones/Deliverables:**

<b>Milestones</b>	<b>Deliverables</b>
Acceptance of Requirements Analysis Documents	Weekly Progress reports
Acceptance of Detailed Work Plan	Requirements Analysis
	Detailed Work Plan

#### **4.20.2 Reimbursement System Recommendation Task:**

##### **4.20.2.1 The Contractor shall:**

- 4.20.2.1.1** Recommend a reimbursement system that takes into account the constraints of the Balanced Budget Act of 1997, TEFRA and other relevant state and federal laws and regulations.
- 4.20.2.1.2** Continue with a prospective payment system addresses the following at a minimum:
  - Outliers (determine thresholds and level of reimbursement)

- Determine the appropriateness of a statewide rate, regional rates, or hospital specific rates.
- DRGs:
  - a) Recommend appropriate weights for DRGs.
  - b) Recommend changes in DRG classification when appropriate.
  - c) Recommend additional DRG classifications where appropriate.

#### **4.20.2.2 Milestones/Deliverables:**

<b>Milestones</b>	<b>Deliverables</b>
Acceptance of Reimbursement System recommendations	Weekly Progress reports
	Reimbursement System Recommendations Document

### **4.20.3 Recalibration of Relative Weights Task:**

#### **4.20.3.1 The Contractor shall:**

- 4.20.3.1.1 Develop a work plan for the recalibration process.
- 4.20.3.1.2. Develop or adapt an existing software to be used for recalibrating relative weights.
- 4.20.3.1. 3. Maintain and update the existing claims database.
- 4.20.3.1.4. Recalibrate DRG relative weights using the latest Medicare grouper with appropriate modifications for neonatal claims.
- 4.20.3.1.5. Adapt software for future recalibrations.
- 4.20.3.1.6 Have ability to recalibrate on an annual basis. Although this is not required by regulation or policy, it is important to review the system on an annual basis to determine if any changes, such as recalibration, should be made.

#### **4.20.3.2 Milestones/Deliverables:**

<b>Milestones</b>	<b>Deliverables</b>
Recalibration of relative weights and hospital rate	Update relative weights and hospital rates by September 1 <sup>st</sup> of each year.

### **4.20.4 Calculation of DSH Eligibility and Calculation of Payments Task**

#### **4.20.4.1 The Contractor shall:**

- 4.20.4.1. Collect cost reports from Kansas hospitals on an ongoing basis.
- 4.20.4.2. Extract data from hospital cost reports to determine DSH eligibility and calculate allowable payments.
- 4.20.4.3. Populate the DSH eligibility worksheets with information gained from cost reports.
- 4.20.4.4. Obtain claims summary reports from DHCF to be used in the DSH eligibility worksheet. These can be provided as needed.
- 4.20.4.5. Mail the DSH eligibility worksheets to Kansas hospitals providing an electronic worksheet for hospital completion in the spring of each year for the upcoming State fiscal year.
- 4.20.4.6. Follow-up of mailing is required to ensure a response from hospital.
- 4.20.4.7. Calculation of allowable DSH payment.

- 4.20.4.8. Final worksheet provided to DHCF.
- 4.20.4.9. Make any necessary modifications as a result of either appeals from hospitals or updated information from hospitals.
- 4.20.4.10 The ability to determine DSH eligibility and the calculation of payment on an annual basis must be available.

#### **4.20.4.2 Milestones/Deliverables:**

<b>Milestones</b>	<b>Deliverables</b>
Determination of DSH eligibility and calculation of payments	Final DSH payments by hospital no later than July 15 <sup>th</sup> of each State fiscal year

### **4.20.5 Completion of Studies Task**

#### **4.20.5.1 The Contractor shall:**

- 4.20.5.1.1 Perform preliminary and post recalibration and rebasing studies to assess the relationship between payments and costs. The objective of the studies will be to determine the adequacy of Medicaid payment rates, the extent to which hospitals are reimbursed the cost incurred in treating different types of patients.
- 4.20.5.1.2 Become familiar with reimbursement issues specific to the Kansas Medicaid program.
- 4.20.5.1.3. Prior to recalibration or rebasing, conduct a study of the adequacy of the current rates and prepare a document addressing the issues with recommendations for approval by DHCF.
- 4.20.5.1.4 After acceptance of the recalibrated or rebased rates, conduct a study to determine the relationship between estimated payments (using the modified payment rates) and actual cost.
- 4.20.5.1.5 Revise deliverables as required by DHCF.

#### **4.20.5.2 Milestones/Deliverables:**

<b>Milestones</b>	<b>Deliverables</b>
Acceptance of pre-basing or pre-calibration	Studies of adequacy of rates prior to recalibration or rebasing and after recalibration and rebasing.
Acceptance of post-basing or post-calibration	

### **4.20.6 Design, Development and Calculation Task**

#### **4.20.6.1 The Contractor shall:**

- 4.20.6.1.1 Prepare and secure DHCF approval of the Rate Methodology Recommendations.
- 4.20.6.1.2 Develop and/or modify personal computer software used to accumulate hospital cost report data, and run rate setting programs.
- 4.20.6.1.3 Perform DRG rate calculations and relative weight calculations.
- 4.20.6.1.4 Perform DRG rebasing calculations.
- 4.20.6.1.5 Prepare a system test plan if needed.
- 4.20.6.1.6 Develop user/operating procedures defining responsibilities of contractor and DHCF personnel for the DRG and DSH project.

- 4.20.6.1.7 Report progress against the work plan through written weekly status reports.
- 4.20.6.1.8 Obtain written approval from DHCF for each deliverable.
- 4.20.6.1.9 Revise deliverables as required by DHCF.

#### **4.20.6.2 Milestones/Deliverables**

<b>Milestones</b>	<b>Deliverables</b>
Acceptance of finalized DRG rated methodology	Final Rate Methodology
Installation and/or modification of PC software	Relative weights
Acceptance of relative weights	Rebasing methodology
Acceptance of rebasing methodology	Documentation and explanation of all PC programs
Acceptance of user/operation procedures	User/operating procedures
	Weekly progress reports

### **4.20.7 Testing Task**

#### **4.20.7.1 The Contractor shall:**

- 4.20.7.1.1 Perform testing as PC programs are modified. Reality testing would be performed to test correctness of data.
- 4.20.7.1.2 Perform unit and system tasks to ensure that software programs function on DHCF hardware.
- 4.20.7.1.3 Work with DHCF staff to develop test data.
- 4.20.7.1.4 Conduct acceptance test activities with DHCF and contractor operations staff.
- 4.20.7.1.5 Correct any problems resulting from incorrect computer program code, incorrect or inadequate documentation, or any other failure to meet specifications or performance standards.
- 4.20.7.1.6 As required, revise and deliver final documentation.
- 4.20.7.1.7 Process, in a fully operational environment, a representative sample of actual or test transactions.
- 4.20.7.1.8 Prepare written findings on the tests, including a description of problems identified and corrective action taken.
- 4.20.7.1.9 Report progress on the task in weekly status reports.
- 4.20.7.1.10 Prepare Operations Procedures Manual (including document control, report analysis requirements, etc.).

#### **4.20.7.2 Milestones/Deliverables:**

<b>Milestones</b>	<b>Deliverables</b>
Approval of tests	Weekly progress reports
Approval of final documentation	Test results and the related documentation
Approval of contractor's Operations/Procedure Manual	Final documentation
	Operations/Procedures Manual

### **4.20.8 Implementation Task**

#### **4.20.8.1 The Contractor shall:**

- 4.20.8.1.1 Have the final recalibration and/or rebased calculated by the PC rate setting programs which shall generate a rate sheet for each hospital. The rate sheet shall be used to notify the hospitals of their new rates.

4.20.8.1.2 Submit final hospital DRG rate sheet to DHCF.

4.20.8.1.3 Provide training to DHCF staff.

#### **4.20.8.2 Milestones/Deliverables**

<b>Milestones</b>	<b>Deliverables</b>
Acceptance of final hospital DRG rates	Hospital DRG rate sheets
Completion of DHCF training	

#### **4.20.9 Turnover Task**

Prior to the conclusion of the contract or in the event of a termination for any reason, the contractor must provide, if requested by DHCF, assistance in turning over the Recalibration and/or Rebasing Rates System and the Disproportionate Share Hospital (DSH) System to DHCF. At least twelve (12) months prior to the end of the base four (4) year operational period, the contractor must provide to DHCF a turnover plan. The plan shall include:

4.20.9.1 Proposed approach to turnover

4.20.9.2 Tasks and sub tasks for turnover

4.20.9.3 Schedule for turnover

At least one (1) year prior to the end of the four (4) year operational period, the contractor shall furnish to DHCF a statement of the resources which would be required by the State or another contractor to take over operation of the system. The statement of resource requirements will be based on the contractor's experience in the operation of the system and will include actual contract resources devoted to the operation of the system.

Following turnover of operations, the contractor shall provide DHCF with a Turnover Results Report which shall document completion and results of each step of the Turnover Plan.

At least six (6) months prior to the end of the base contract or a least six (6) months prior to the end of any contract extension, the contractor shall provide a DRG Turnover Plan and Requirement Statement.

The contractor shall be responsible for, and must correct at no cost, any malfunctions which existed in the system prior to turnover or which were caused by lack of support at turnover, as may be determined by DHCF.

### **4.21 Responsibilities of DHCF**

#### **4.21.1 Administration**

DHCF shall provide a liaison and cooperate with the Contractor, including timely management decisions and approvals of forms and procedures to enable the Contractor to properly perform contractual duties. DHCF shall notify the Contractor in writing of the individuals, with their respective scopes of authority, authorized to act on behalf of DHCF.

For ongoing operations, the DHCF DRG Manager, or a designee, shall be available to the Contractor to answer questions regarding policy and procedures, to coordinate

responses to Contractor questions, and to refer the Contractor to appropriate staff, if necessary.

#### **4.21.2 Issuance of Policy**

DHCF will issue in writing, and in a timely manner, all policy determinations and operating guidelines that the Contractor may from time to time request in order to properly perform the duties of the contract. The Contractor shall be entitled to rely upon and act in accordance with such policy determinations and operating guidelines.

#### **4.21.3 Management Meetings**

DHCF will conduct at least biweekly meetings with the Contractor to discuss deliverables, milestones, policy decisions, any discrepancies in the performance of either party which the other party considers material, and specific agenda items proposed by either DHCF staff or the Contractor. DHCF staff shall chair the meetings and Contractor shall record, transcribe and distribute the minutes of the meetings.

#### **4.21.4 Notification of Rule Changes**

DHCF will provide timely notification to the Contractor of all changes in Federal and State law, rules or regulations, or the judicial interpretation of any such laws, rules, or regulations which can be reasonably expected to have an impact on the performance of the Contract. Any such changes which result in a material change in the required financial resources beyond those originally proposed will be reimbursed at actual cost.



Bidder Name:

On this pricing page, the Bidder shall itemize all costs for completion of the requirements above. The Contractor shall submit a detailed invoice for each item as agreed to by the parties. The Contractor shall receive payment based on the following firm-fixed price, deliverable schedule, and formal acceptance by DHCF of each deliverable which will be documented in detail and in accordance with approval of State of Kansas. The fixed price will include all expenses incurred by Contractor including but not limited to travel, subsistence, lodging, and other items. No payments or partial payments will be made to Contractor for incomplete deliverables or for deliverables not deemed satisfactory by DHCF. No payments will be made to Contractor for incomplete work commenced prior to, or subsequently after, contract termination or expiration, including termination for convenience by DHCF.

Tasks	Year 1	Year 2	Year 3
Requirements Analysis			
Reimbursement System Recommendations			
Recalibration of Relative Weights			
Calculation of DSH eligibility and Calculation of Payments			
Completion of Studies			
Design, Development and Calculation			
Testing			
Implementation			
Turnover Plan			
Training			
Operations/Procedures Manual			
Reports			
<b>Total:</b>			

Also, please provide hourly rate information for key personnel assigned to this project.

[illegible]



State of Kansas  
Department of Administration  
DA-146a (Rev. 06-12)

### CONTRACTUAL PROVISIONS ATTACHMENT

**Important:** This form contains mandatory contract provisions and must be attached to or incorporated in all copies of any contractual agreement. If it is attached to the vendor/contractor's standard contract form, then that form must be altered to contain the following provision:

"The Provisions found in Contractual Provisions Attachment (Form DA-146a, Rev. 06-12), which is attached hereto, are hereby incorporated in this contract and made a part thereof."

The parties agree that the following provisions are hereby incorporated into the contract to which it is attached and made a part thereof, said contract being the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

1. **Terms Herein Controlling Provisions:** It is expressly agreed that the terms of each and every provision in this attachment shall prevail and control over the terms of any other conflicting provision in any other document relating to and a part of the contract in which this attachment is incorporated. Any terms that conflict or could be interpreted to conflict with this attachment are nullified.
2. **Kansas Law and Venue:** This contract shall be subject to, governed by, and construed according to the laws of the State of Kansas, and jurisdiction and venue of any suit in connection with this contract shall reside only in courts located in the State of Kansas.
3. **Termination Due To Lack Of Funding Appropriation:** If, in the judgment of the Director of Accounts and Reports, Department of Administration, sufficient funds are not appropriated to continue the function performed in this agreement and for the payment of the charges hereunder, State may terminate this agreement at the end of its current fiscal year. State agrees to give written notice of termination to contractor at least 30 days prior to the end of its current fiscal year, and shall give such notice for a greater period prior to the end of such fiscal year as may be provided in this contract, except that such notice shall not be required prior to 90 days before the end of such fiscal year. Contractor shall have the right, at the end of such fiscal year, to take possession of any equipment provided State under the contract. State will pay to the contractor all regular contractual payments incurred through the end of such fiscal year, plus contractual charges incidental to the return of any such equipment. Upon termination of the agreement by State, title to any such equipment shall revert to contractor at the end of the State's current fiscal year. The termination of the contract pursuant to this paragraph shall not cause any penalty to be charged to the agency or the contractor.
4. **Disclaimer Of Liability:** No provision of this contract will be given effect that attempts to require the State of Kansas or its agencies to defend, hold harmless, or indemnify any contractor or third party for any acts or omissions. The liability of the State of Kansas is defined under the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.).
5. **Anti-Discrimination Clause:** The contractor agrees: (a) to comply with the Kansas Act Against Discrimination (K.S.A. 44-1001 et seq.) and the Kansas Age Discrimination in Employment Act (K.S.A. 44-1111 et seq.) and the applicable provisions of the Americans With Disabilities Act (42 U.S.C. 12101 et seq.) (ADA) and to not discriminate against any person because of race, religion, color, sex, disability, national origin or ancestry, or age in the admission or access to, or treatment or employment in, its programs or activities; (b) to include in all solicitations or advertisements for employees, the phrase "equal opportunity employer"; (c) to comply with the reporting requirements set out at K.S.A. 44-1031 and K.S.A. 44-1116; (d) to include those provisions in every subcontract or purchase order so that they are binding upon such subcontractor or vendor; (e) that a failure to comply with the reporting requirements of (c) above or if the contractor is found guilty of any violation of such acts by the Kansas Human Rights Commission, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration; (f) if it is determined that the contractor has violated applicable provisions of ADA, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration.

Contractor agrees to comply with all applicable state and federal anti-discrimination laws.

The provisions of this paragraph number 5 (with the exception of those provisions relating to the ADA) are not applicable to a contractor who employs fewer than four employees during the term of such contract or whose contracts with the contracting State agency cumulatively total \$5,000 or less during the fiscal year of such agency.

6. **Acceptance Of Contract:** This contract shall not be considered accepted, approved or otherwise effective until the statutorily required approvals and certifications have been given.
7. **Arbitration, Damages, Warranties:** Notwithstanding any language to the contrary, no interpretation of this contract shall find that the State or its agencies have agreed to binding arbitration, or the payment of damages or penalties. Further, the State of Kansas and its agencies do not agree to pay attorney fees, costs, or late payment charges beyond those available under the Kansas Prompt Payment Act (K.S.A. 75-6403), and no provision will be given effect that attempts to exclude, modify, disclaim or otherwise attempt to limit any damages available to the State of Kansas or its agencies at law, including but not limited to the implied warranties of merchantability and fitness for a particular purpose.
8. **Representative's Authority To Contract:** By signing this contract, the representative of the contractor thereby represents that such person is duly authorized by the contractor to execute this contract on behalf of the contractor and that the contractor agrees to be bound by the provisions thereof.
9. **Responsibility For Taxes:** The State of Kansas and its agencies shall not be responsible for, nor indemnify a contractor for, any federal, state or local taxes which may be imposed or levied upon the subject matter of this contract.
10. **Insurance:** The State of Kansas and its agencies shall not be required to purchase any insurance against loss or damage to property or any other subject matter relating to this contract, nor shall this contract require them to establish a "self-insurance" fund to protect against any such loss or damage. Subject to the provisions of the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.), the contractor shall bear the risk of any loss or damage to any property in which the contractor holds title.
11. **Information:** No provision of this contract shall be construed as limiting the Legislative Division of Post Audit from having access to information pursuant to K.S.A. 46-1101 et seq.
12. **The Eleventh Amendment:** "The Eleventh Amendment is an inherent and incumbent protection with the State of Kansas and need not be reserved, but prudence requires the State to reiterate that nothing related to this contract shall be deemed a waiver of the Eleventh Amendment."

13. **Campaign Contributions / Lobbying:** Funds provided through a grant award or contract shall not be given or received in exchange for the making of a campaign contribution. No part of the funds provided through this contract shall be used to influence or attempt to influence an officer or employee of any State of Kansas agency or a member of the Legislature regarding any pending legislation or the awarding, extension, continuation, renewal, amendment or modification of any government contract, grant, loan, or cooperative agreement.